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STATEMENT BY AARP CEO WILLIAM NOVELLI IN RESPONSE TO SOCIAL SECURITY GUARANTEE PLUS PLAN

Chairman Shaw has offered a proposal that restarts the debate about how we protect the economic security of current and future retired and disabled Americans. The Chairman's proposal protects a number of valuable features of the current program and guarantees that Social Security continues to cover the full range of currently promised retirement, survivor, and disability benefits. We are particularly pleased that the bill recognizes that carving out a portion of Social Security's payroll taxes would reduce the security of the current benefit guarantee.

With millions of Americans relying on Social Security as their primary source of retirement income, there is great peace of mind in knowing that this proposal will honor Social Security's promised benefits and maintain full cost-of-living adjustments.

However, a number of questions remain including the long-term financing of benefit guarantees, particularly if current budget projections and market rates of return prove to be overly optimistic. With a number of ideas to strengthen Social Security back on the table, we should include proposals to diversify the Social Security Trust Funds' investments to include federally backed debt instruments, raise the wage base for payroll taxes and add newly hired state and local employees.

AARP is strongly committed to finding a balanced solution that will bring Social Security to solvency. We are also committed to improving overall retirement security by improving pensions, savings and health care coverage. As the public continues this debate, the goal of reform should be to strengthen Social Security's guaranteed base of retirement income and to enable more Americans to save for their future.

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